

October 8, 2002

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, DC 20554

Re: *IB Docket No. 02-111*

Dear Ms. Dortch:

Pacific Telecom Inc. ("PTI") and Bell Atlantic New Zealand Holdings, Inc. ("BANZHI") (collectively, "the Joint Applicants") hereby request leave to respond to the letter dated August 28, 2002, submitted on behalf of the Office of the Governor ("Governor") of the Commonwealth of the Northern Mariana Islands ("CNMI"). The Joint Applicants respond to the issues in the same order they are raised by the Governor.

I. General

Page 1, paragraph 1: Exhibit A attached to the Governor's letter is an untimely supplement to the Governor's June 17, 2002, petition to deny.¹ The Governor criticizes the Joint Applicants' statement that the various petitions to deny filed against their transfer applications may "not be all that they appear to be." The Governor, however, fails to challenge the specific factual circumstances cited by the Joint Applicants in support of their statement. (See pages 2-3 of Joint Opposition to Petitions To Deny And Informal Opposing Comment, IB Docket No. 02-111, July 1, 2002 ("Joint Opposition").)

¹ The Governor's August 28 letter is styled a "reply" to the Joint Applicants' August 16, 2002, responses to the information requests submitted by the International Bureau. The affidavit attached by the Governor as Exhibit A, however, contains information that (1) is not responsive to the Joint Applicants' August 16, 2002, filing and (2) was available at the time the Governor filed his June 17, 2002, petition to deny. The Governor has submitted no justification for filing Exhibit A after the deadline for petitions to deny in this proceeding.

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Page 2, paragraph 1: The Governor criticizes PTI for not disclosing the fact that one of the two newspapers (Saipan Tribune) whose articles were appended by the Joint Applicants as Exhibit B to the Joint Opposition is controlled by Tan Holdings Corporation. Contrary to the Governor's assertion, the Joint Applicants, in fact, disclosed the relationship between the Saipan Tribune and Tan Holdings Corporation the first time Exhibit B is cited (See page 3, footnote 2 of the Joint Opposition).

Page 2, paragraphs 2-3: As noted in the Joint Opposition, the Joint Applicants initiated contact with federal law enforcement and security agencies and have pledged their cooperation with them. The Governor's assertions add nothing new of substance to what already is in the record.

Page 2, paragraph 3: In its July 17, 2002, Section 1.65 submissions, PTI explained the misunderstanding on the part of George Chiu, Chairman of PTI, that resulted in not addressing in the joint transfer applications the *nolo contendere* plea that was entered into by L&T International Corporation on December 13, 1991 (over ten years prior to the April 11, 2002, transfer applications that are the subject matter of this proceeding). Subsequently, in the interest of full disclosure, PTI voluntarily submitted more information than the Commission requested.²

Page 3, paragraphs 1-2: The Governor questions the "reliability" of PTI's twenty percent shareholder, Missouri Holdings, Inc., because of what the Governor claims is a "reversal" regarding the citizenship of its owner. In fact, the joint transfer applications and Petition For Declaratory Ruling filed by PTI accurately stated that Michael Kai Leung, the owner of PTI's twenty percent shareholder, is a Canadian citizen. Mr. Leung is also the holder of a British National (Overseas) passport.³

The Governor further asserts that PTI was supposed to do something more than file its Section 1.65 statements on July 17, 2002, in order to amend its applications and Petition For Declaratory Ruling. Typically, however, the International Bureau does not require the re-submission of application forms to correct or add information but accepts clarifying letters.

² For example, PTI submitted in response to the International Bureau's Information Request No. 2 the entire docket sheet for the criminal proceeding even though the International Bureau did not request it. Similarly, on July 17, 2002, PTI filed a copy of a consent judgment in a civil matter related to L&T International that was not requested by the International Bureau.

³ PTI clarified the FCC record by letter dated July 17, 2002, stating that its letter was filed "pursuant to 1.65 of the Commission's rules." In fact, the clarification regarding Mr. Leung's British National (Overseas) passport status is not of "decisional significance" within the meaning of the rule, because the foreign ownership/WTO analysis presented in PTI's Petition For Declaratory Ruling was unaffected by the clarification.

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Moreover, PTI explained in its July 17, 2002, Section 1.65 letter at 2, that it is not clear that the felony conviction questions on the application forms needed to be answered differently. In the interests of full disclosure, however, PTI provided the relevant background information. If the International Bureau wants the Joint Applicants and PTI to re-submit application forms or particular exhibits, the Joint Applicants will do so.

II. FCC Information Requests

A. Comments Re PTI Response to Question No. 1

The Governor claims that the PTI Shareholders' Agreement "vests significant *potential* for control over PTI in THC Communications Corp." (page 4, emphasis added). In fact, the PTI Shareholders' Agreement includes typical provisions by which a minority investor (THC Communications Corporation) attempts to safeguard its interests in a newly formed corporation (PTI) in which another investor (Prospector Investment Holdings, Inc. or "PIHI") has been delegated responsibility for managing the operating company (The Micronesian Telecommunications Corporation or "MTC"). Specifically, the Shareholders' Agreement specifies that PIHI shall have the right to manage MTC (Article 8.1), shall nominate the Chief Executive Officer of MTC (Article 7.1), and that the Oversight Committee will be comprised of the PIHI-nominated Chief Executive Officer, two other representatives from PIHI, and two representatives from THC Communications Corporation (Article 7.4). Insinuations that provisions in the Shareholders' Agreement somehow may facilitate an unauthorized transfer of control in the future (or otherwise are not in the public interest) are unfounded.

B. Comments Re PTI Response to Question No. 2

The probation period related to the *nolo contendere* plea expired years before PTI was formed. Thus, contrary to the Governor's assertion, the conditions of probation never have applied to PTI.

C. Comments Re PTI Response to Question No. 3

The Joint Applicants submitted the purchase agreement for MTC to the Commission under a request for confidentiality, providing information in support of their request pursuant to Sections 0.457(d) and 0.459 of the Commission's rules. Because the Governor provides no analysis to support his opposition to the Joint Applicants' confidentiality request, his opposition should be disregarded.

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D. Comments Re PTI Response to Question No. 5

The Governor identifies a discrepancy between the number of individual Tan Family trust beneficiaries identified on page 3 of PTI's Petition For Declaratory Ruling (ISP-PDR-20020411-00013) and the number of separate individuals listed as Tan Family trust beneficiaries in Attachment 5 to the Joint Applicants' August 16, 2002, responses to the International Bureau's information requests. James L. Ball, Chief, FCC International Bureau, raises a similar issue in his September 27, 2002, information requests. PTI addresses this discrepancy in its October 8, 2002, responses to Mr. Ball.

E. Comments Re PTI Response to Question No. 7

The Governor criticizes the Joint Applicants for not providing a "satisfactory" answer to the International Bureau's Information Request No. 7 because the Joint Applicants did not provide market share information regarding the wireless market. In fact, however, the International Bureau's Information Request No. 7 expressly limited the request for market share information to the CNMI long distance and local markets.

Respectfully submitted,

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cc: Attached Service List

CERTIFICATE OF SERVICE

I, Felicia Lane, a legal secretary at Wilkinson Barker Knauer, LLP certify that on October 8, 2002, the "Joint Opposition To Petitions To Deny And Informal Opposing Comment" was served on all parties listed below by hand delivery (indicated by asterisk) and U.S. mail, first class, postage prepaid.

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